

Message Text

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ACTION EUR-12

INFO OCT-01 NEA-09 IO-10 ISO-00 AID-05 CEA-01 CIAE-00

COME-00 EB-07 FRB-03 INR-07 NSAE-00 CIEP-01 SP-02

STR-04 TRSE-00 LAB-04 SIL-01 SAM-01 OMB-01 SS-15

NSC-05 PA-01 PRS-01 USIA-06 L-02 H-02 /101 W

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R 141558Z APR 75

FM AMEMBASSY LONDON

TO SECSTATE WASHDC 0166

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY THE HAGUE

AMEMBASSY LUXEMBOURG

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY MOSCOW

AMEMBASSY PRAGUE

USMISSION EC BRUSSELS

USMISSION NATO BRUSSELS

USMISSION OECD PARIS

USMISSION GENEVA

AMEMBASSY TEL AVIV

AMEMBASSY CAIRO

AMCONSUL BELFAST

AMCONSUL EDINBURGH

AMCONSUL LIVERPOOL

C O N F I D E N T I A L SECTION 01 OF 02 LONDON 05600

E.O. 11652: GDS

TAGS: ELAB,PINT, UK, EEC

SUBJECT: TABLE TALK WITH JACK JONES, MICHAEL FOOT AND
LORD ALLEN

REF: (A) LONDON 5456, (B) LONDON 5266

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SUMMARY - JACK JONES, GENERAL SECRETARY OF TRANSPORT AND GENERAL WORKERS' UNION, DESPITE HIS OWN ANTI-EUROPEAN COMMUNITY VIEWS, BELIEVES THAT THE REFERENDUM VOTE WILL BE IN THE AFFIRMATIVE FOR CONTINUED BRITISH MEMBERSHIP AND THAT THE LABOR PARTY CONFERENCE OR THE POSITION OF THE TUC WILL HAVE ONLY MARGINAL EFFECT ON THE VOTE IN JUNE. JONES MADE THESE AND OTHER COMMENTS DURING A LUNCHEON MEETING HOSTED BY THE MINISTER WHICH HE, MICHAEL FOOT, SECRETARY OF STATE FOR EMPLOYMENT, AND LORD ALF ALLEN, A TUC VICE PRESIDENT, ATTENDED, TOGETHER WITH THE AMBASSADOR AND OTHER EMBASSY OFFICERS. END SUMMARY

2. JONES ALSO SAID THAT HE AND "OTHERS" TRIED TO PERSUADE ERIC HEFFER, MINISTER OF STATE FOR INDUSTRY (UNDER WEDGWOOD BENN) NOT TO DEFEY THE PRIME MINISTER BY SPEAKING OUT IN THE COMMONS AGAINST THE CABINET MAJORITY DECISION ON THE EC (REF A). JONES REASONED THAT HEFFER HAD PLACED OTHER ANTI-EC MINISTERS SUCH AS FOOT, BENN AND SHORE AND OTHERS WHO DID NOT DEFEY WILSON IN AN AWKWARD SITUATION, FOR IT LEFT THE IMPRESSION THAT ONLY HEFFER WAS PREPARED TO STAND UP FOR HIS CONVICTIONS. JONES ALSO NOTED THAT THE ANTI-MARKETEERS HAVE A BASIC AND FUNDAMENTAL ARGUMENT TO OVERCOME, I.E., HOW TO PERSUADE VOTERS THAT IT WOULD BE BETTER FOR BRITAIN TO GET OUT NOW THAT IT IS IN THE EC.

3. JONES TURNED ASIDE THE NOTION THAT THE EC REFERENDUM BATTLE WILL UNDERMINE THE LABOR PARTY, WITH THE BY-NOW RITUALISTIC RESPONSE THAT -- DESPITE THE DIFFERENCES WITHIN THE PARTY ON THE EC, ITS UNITY WILL STILL REMAIN AFTER THE JUNE VOTE. (FOR JONES, LABOR PARTY UNITY IS FUNDAMENTAL, AND HE CERTAINLY HAS BEEN TRYING HARD TO AVOID THE WORST ASPECTS OF THE INNER LABOR PARTY STRUGGLE BOTH WITHIN PARTY COUNCILS AND THE TRADE UNION MOVEMENT. THERE IS LITTLE DOUBT THAT IF HE HAD DECIDED TO PLACE HIS FULL WEIGHT AND THAT OF HIS OTHER UNIONS UNDER HIS INFLUENCE INTO A BITTER-END BATTLE AGAINST THE EUROPEAN COMMUNITY, IT WOULD HELP TO ACHIEVE A "NO" VOTE IN JUNE.)

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4. THE DISTORTING EFFECT OF THE REFERENDUM CAMPAIGN - JONES WOULD NOT AGREE THAT THE EC REFERENDUM BATTLE HAD CREATED AN ARTIFICIAL ATMOSPHERE IN THAT THE GOVERNMENT - SO BESET BY THE GREAT INTERNAL DEBATE OVER THE EC - COULD NOT ACT NORMALLY ON THE BASIC ISSUES BEFORE THE ECONOMY. HE BELIEVES THAT THE GOVERNMENT IS GOING ABOUT ITS BUSINESS QUITE NORMALLY AS ITS PREPARATION FOR THE APRIL 15TH BUDGET WILL ATTEST. (IN THIS CONNECTION, HE

DOES NOT EXPECT HEALEY TO ACCEPT THE TUC'S VIEW THAT THE ECONOMY SHOULD BE REFLATED, PARTICULARLY BY BOOSTING THE HOME BUILDING INDUSTRY AND THUS REDUCING UNEMPLOYMENT AND HE ALSO DOES NOT EXPECT MUCH IN THE WAY OF NEW TAXATION MEASURES.) (COMMENT: THERE STILL IS, HOWEVER, A BODY OF OPINION WHICH BELIEVES THAT ONCE THE REFERENDUM IS OUT OF THE WAY, THE GOVERNMENT WILL BE ABLE TO DEAL MORE FREELY WITH THE PROBLEMS OF THE ECONOMY, AND THAT IT MAY TAKE MEASURES WHICH COULD SOW THE SEEDS OF CONFRONTATION BETWEEN THE TRADE UNIONS AND THE LABOR GOVERNMENT. WE SHALL DISCUSS THIS POSSIBILITY IN ANOTHER MESSAGE.)

5. INFLATION AND THE SOCIAL CONTRACT - THE AMBASSADOR

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C O N F I D E N T I A L SECTION 02 OF 02 LONDON 05600

EXPRESSED ANXIETY ABOUT THE MUCH HIGHER RATE OF INFLATION WHICH EXISTS IN THE UK THAN IN OTHER EUROPEAN COUNTRIES, BUT JONES, FOOT AND LORD ALLEN ALL INSISTED THAT THE GOVERNMENT'S PRESENT WAGE POLICY, EMBODIED IN THE SOCIAL CONTRACT, IS THE ONLY WAY TO DEAL WITH THE ECONOMY. ALL, IN EFFECT, DENIED THAT THE POLICY WAS CONFIDENTIAL

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FAILING. FOOT ARGUED THAT THE SOCIAL CONTRACT HAD SUFFERED INITIALLY FROM THE DISTORTIONS WHICH DEVELOPED AS A RESULT OF THE HEATH GOVERNMENT'S INCOMES POLICY AND THAT, THEREFORE, THE ECONOMY UNDER THE LABOR GOVERNMENT WAS FORCED TO ABSORB THE SHOCK OF WAGE PRESSURES WHEN IT CAME INTO OFFICE. HE BELIEVES THE SOCIAL CONTRACT NEEDS AT LEAST THREE YEARS' TIME TO WORK EFFECTIVELY. JONES ALSO INSISTED THAT THE SOCIAL CONTRACT WAS WORKING IN GENERAL TERMS, AND THAT THE PRESS BY MAGNIFYING EVERY TINY DIVIATION FROM IT WAS TRYING TO KILL IT. HE SHRUGGED OFF THE POINT THAT IT WAS NOT ONLY THE PRESS BUT LEADING GOVERNMENT MINISTERS SUCH AS HEALEY, JENKINS, WILLIAMS AND CROSSLAND, AMONG OTHERS, WHO WERE CONSTANTLY WARNING ABOUT EXCESSIVE WAGE DEMANDS. HE SAID THAT THESE INDIVIDUALS WERE SIMPLY MASKING THEIR PREDILECTION FOR AN INCOMES POLICY. (ONE CAN WELL ASK AT THIS POINT WHICH GOVERNMENT DOES ONE READ.) LORD ALLEN -- WHO IS CONSIDERED A LEADING TUC MODERATE, DEFENDED THE SOCIAL CONTRACT AS "THE ONLY THING WE'VE GOT TO WORK WITH" AND THAT TRADE UNIONS WOULD BE UP IN ARMS IF THERE WERE AN ATTEMPT TO RE-IMPOSE AN INCOMES POLICY. HE SAID IT IS VITAL THAT THE NEXT TUC CONGRESS IN SEPTEMBER REAFFIRM THE SOCIAL CONTRACT.

6. INDUSTRIAL RELATIONS - THE AMBASSADOR RAISED THE BROAD ISSUE OF INDUSTRIAL RELATIONS GENERALLY AND SUGGESTED THE VALUE, AS IN THE U.S. SYSTEM, OF ESTABLISHING A SYSTEM OF LEGAL GROUND-RULES IN INDUSTRIAL RELATIONS IN ORDER TO LIMIT CONFLICT. FOOT, JONES AND ALLEN REACTED VERY NEGATIVELY TO THIS CONCEPT AND INSISTED ON THE OBVERSE -- A COMPLETELY PERMISSIVE SYSTEM ALTHOUGH WITH THE ENCOURAGEMENT OF VOLUNTARY CONCILIATION AND

ARBITRATION MACHINERY TO CONFINE OR LIMIT CONFRONTATION. JONES DID ACKNOWLEDGE THAT UNOFFICIAL STRIKES WERE A SERIOUS PROBLEM IN THE UK BUT HE AGAIN INSISTED ON SELF-REGULATION IN ORDER TO REDUCE THEIR NUMBER.

7. EAST-WEST RELATIONS - JONES STRONGLY DENIED THAT THE TUC -- IN THE WAKE OF THE SHELEPIN VISIT (REF B) -- WAS MOVING TOWARDS THE RECREATION OF THE ANGLO-SOVIET TRADE UNION COMMITTEE. HE INSISTED, IN THIS CONNECTION, THAT CONFIDENTIAL

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THE TUC WISHES ABOVE ALL TO MAINTAIN ITS RELATIONSHIP WITH THE AFL-CIO. HE ADDED, HOWEVER, THAT THE TUC, WHILE IT CLEARLY UNDERSTOOD THE DIFFERENT CHARACTER OF THE SOVIET TRADE UNIONS, STILL FINDS IT NECESSARY, WITHIN THE GENERAL FRAMEWORK OF DETENTE, TO IMPROVE RELATIONSHIPS WITH THE UNIONS OF EASTERN EUROPE. HE ALSO ARGUED THAT IN ADDITION TO CONTRIBUTING TO PEACE, SUCH AN APPROACH HELPS TO SPREAD WESTERN DEMOCRATIC IDEAS.

8. HE ALSO BELIEVES THAT THE BRITISH TUC COULD PLAY A MEDIATING ROLE BETWEEN THE SOVIETS AND OTHER GROUPS SUCH AS THE ISRAELIS AT THE TRADE UNION LEVEL. IN THIS RESPECT, HE SAID HE DISCUSSED WITH SHELEPIN THE POSSIBILITY OF BRINGING TOGETHER THE SOVIET (AUCCTU) AND ISRAELI (HISTADRUT) TRADE UNION CENTERS, PRESUMABLY TO DISCUSS THE QUESTION OF EMIGRATION OF SOVIET JEWS TO ISRAEL, AMONG OTHER THINGS. (ACCORDING TO AN FCO SOURCE, JONES DID IN FACT RAISE THIS ISSUE WITH SHELEPIN, BUT HE WAS "NON-COMMITAL".)

9. THE CREDIBILITY OF THE U.S. - JONES DOES NOT BELIEVE THAT THE FAILURE OF CONGRESS THUS FAR TO PROVIDE FURTHER ECONOMIC AND MILITARY AID IN INDOCHINA WILL UNDERMINE THE U.S. CREDIBILITY IN FOREIGN AFFAIRS. HE SAID THAT THE BRITISH PEOPLE UNDERSTAND THE CIRCUMSTANCES AND APPROVE THE DECISION AND THAT THIS WILL HAVE NO REAL EFFECT ON THE CREDIBILITY OF U.S. COMMITMENTS IN EUROPE OR ELSEWHERE. HOWEVER, LORD ALLEN POLITELY DIFFERED. HE SAID THE BRITISH WOULD FIND IT HARD TO UNDERSTAND HOW A PRESIDENT OF THE UNITED STATES IS UNABLE TO CONVINCE THE CONGRESS OF THE U.S. TO FOLLOW HIS LEAD.

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